



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

INDUSTRIAL INSURANCE

II

LOCAL RELIEF SOCIETIES

CHARLES RICHMOND HENDERSON
University of Chicago

The most simple and primitive form of industrial insurance is found in the numerous mutual benefit associations which exist everywhere and under many forms. Some of these are aided by the employers and others are supported entirely by the contributions of the members. These mutual aid associations are the elementary school of thrift, of brotherhood, and of the future social policy which is growing up within these voluntary organizations. These societies rarely have any centralized organization to bind them together, the state does not recognize their existence until they become federated and important, and their by-laws have no direction from actuarial experts. They spring up spontaneously and by imitation in response to economic necessity, and they are found among wage-earners of many occupations and of many nationalities in our large cities. German, Scandinavian, Italian, and Hebrew immigrants find in their little unions protection and support in the hour of sickness and sorrow. The negroes have similar organizations and are greatly attached to them. Reliable statistics are not accessible, because there is no central office nor general system of reports. The administration is often changed and usually inadequate, while the bookkeeping is ordinarily very crude and unsatisfactory. It would be almost impossible to reduce their premiums and benefits to tabular form, because each society has its own peculiarities. All that is here attempted is to give a certain number of significant illustrations and to call attention to certain general tendencies.

Mutual aid societies of immigrants from Europe.—In a foreign land and among strangers the poorer immigrants seek

fellowship, encouragement, and care among those who understand their language and sing the songs of fatherland. In the large cities the people of the same race or nationality establish societies of a charitable nature in order to succor their countrymen who have not yet won a secure place and means of self-support. Those who have lived in this country some time and have become prosperous are proud to relieve the distress of those recently arrived. Public relief and the alms of other races are felt to be disgraceful, and soon the industrious immigrants prefer to aid each other through contributions to a mutual benefit society where the thought of alms is not present. For some time the benefit societies retain something of the character of their origin in charitable relief, but the tendency is to remove them as fast as possible from this ground. Naturally these independent new citizens associate themselves with persons of their own race and language. This tendency is fostered by the fact that immigrants often form "colonies" of members of the same nationality and religious confession, and thus we have Bohemian or Italian quarters and sometimes a Ghetto. Frequently these colonies contain thousands of persons who come from the same land, speak the same tongue, and worship after the same ritual. The Russian Jews dwell in the same region of a city, the Italians are for the most part Catholics, and the Bohemians are Catholic or free-thinkers. It follows very naturally that many of these local societies are composed of families of the same language and religion. The synagogue or church may easily become the social center of the organization, and on festival occasions the place of public worship may witness their ceremonies and incidentally advertise their advantages.

In the city of Philadelphia, in the year 1892, was founded the society of the Independent Chevra Kadisho, whose purpose was to furnish poor families with money for funeral expenses. It has about 3,000 members, each of whom pays ten cents each month as dues. There are three other societies of a similar character in the city. Mr. Bernheim tells us that the lodges furnish social recreation and contribute materially to the elevation of the social condition of the residents of a Ghetto. Various branches

of the brotherhoods extend in every direction and there are few families which are not connected with some organization. The Ghetto in Chicago contains seventy-five registered lodges, of which thirty-two belong to the federation B'rith Abraham and twenty to the Western Star, and others to less conspicuous unions. In this respect they resemble the lodges so popular among their Christian neighbors which furnish life insurance to their members and so render an important economic service which is the principal ground for their existence. Here we see a common tendency to federate local lodges into larger societies or brotherhoods, a form of union which will be studied more closely in the chapter which will follow later on "Fraternal Benefit Societies."

Mutual benefit societies in mercantile establishments.—Common employment in the same house furnishes a convenient basis for organization of a mutual benefit society in a simple and imperfect form. Here again the mutual benefit fund is established to avoid dependence on charitable appeals. Wherever people come together in considerable numbers and with moderate and small incomes, a prolonged illness, a serious accident and the extraordinary demands of a funeral inevitably start someone to collect money to meet the emergency. This instinctive appeal to humanity is enforced by the reflection that no one knows who may require assistance next. The employer is usually asked to contribute to this fund. But the whole arrangement is unsatisfactory. The liberal pay relatively much, the stingy shirk duty, yet will sometimes make heavy demands when trouble strikes them, while the vicious or thriftless make special burdens for others. It is found that a regular payment provides a fund, even if a small one, that it lasts longer than spasmodic charity, that it distributes the burden more fairly, and that no one feels himself disgraced by taking his share when it becomes necessary. Without attempting any classification a few examples will illustrate the variety of methods and the general tendencies of this type of mutual benefit associations.

The Employees' Mutual Benefit Association of the department store of Carson, Pirie, Scott & Company, Chicago, is a

specimen of this group. This association was founded in the year 1895. All employees of the firm are eligible for membership. The officers are elected by the members, and the element of self-government is strong. The members are divided into two classes: (1) Class A, composed of those who receive more than \$5 weekly wages; (2) Class B, those who receive \$5 or less. The initiation fees are \$1 and 50 cents, the monthly dues are 35 cents and 15 cents, which are collected by the simple process of deducting the dues from payments of wages. The sick benefits are \$6 or \$3, according to the class, paid during 6 weeks after the first week. The death benefits are \$100 or \$50, paid out of a fund raised by assessments of 25 and 15 cents on the occasion of a death. In a report of January 1, 1906, it is said that there were 790 members, an increase from 525 of the year before. On April 18, 1906, there were 1,056 members, indicating a rapid growth. During the year 1905 the expenditures for sick benefits were \$3,194; funeral expenses, \$100; medical attendance, \$142.50; costs of administration, \$75.50; charitable relief, \$25. Of the members 394 participated in benefits during 1905. The entire expenditures since the establishment of the fund had been \$20,870.37. Membership is voluntary. Significant is the opinion of the administrator of this fund based on his observation of its value and limitations. He has reached the judgment that the success of the fund proves that it is desirable to secure sickness insurance at low cost. In order to be successful a benefit society must meet all claims promptly after careful investigation. What is good for a few must be good for all wage-earners, and therefore he recommends that the state levy a small tax on all employers according to the number of their employees. The premiums should be fixed by a competent actuary according to the rates of wages paid. From this tax a fund would furnish safer and cheaper sickness and invalidity insurance and death benefits than could be furnished by fraternal organizations. Branch societies could be organized and administered by unsalaried officers in each store and factory, and in each office the premiums could be collected and the benefits paid out. In case of change of employment the employee could be transferred

to the society of the place to which he goes. The only condition of membership would be employment in some particular enterprise. One consequence of this arrangement would be that an employee would rarely desert his position without good reason and thus lose his claims by a strike or unworthy conduct. Many employers already expend considerable sums for charity and for protection against strikes which might much more profitably be paid out in insurance. The state as well as employers would derive advantage from this organization because the tendency would be to diminish the causes of social disturbance. This opinion is given at this point as an indication of the influence of practical administration of such funds on a business man. Criticism is reserved for a suitable place.

The Siegel-Cooper Company Employees' Association was organized in Chicago in 1893, and later an association was formed among the employees of the house of this firm in New York. Only employees of the firm can become members of the society. The members are divided into four classes according to their rates of wages; and the contributions are scaled in the same way: wages per week, \$2.50 or less, 10 cents monthly dues; wages \$2.50 to \$5, 20 cents; wages \$5.01 to \$9.99, 30 cents; wages \$10 and over, 40 cents monthly. When the fund falls below \$500 an assessment of 25 cents per member is levied to provide means. The benefits received are free medical care and \$5 weekly sick benefits during six weeks for those whose wages are over \$10 weekly and half wages for the others. In cases of chronic disease no benefits are paid. In exceptional cases a gratuity of not more than \$50 is paid to needy members who are sick. Death benefits of \$100 in the higher classes and \$50 in the two lower classes are paid, but lower sums in case dues have not been paid a full year.

The Mutual Aid Association of employees of J. H. Williams & Company, Brooklyn, New York, was formed in 1901. The members, who are employees of the firm, are divided into two classes according as their wages are above or below \$12 weekly, and the weekly dues are 20 and 10 cents. The benefits paid are \$11 weekly in the first class and \$6 in the second class. During

the first week of inability to work nothing is paid. The member must pay dues six weeks before he can receive benefits. During six weeks the person disabled receives the full benefit and if the sickness continues the rate is reduced to one-half and paid for twenty weeks. The total amount which one member can receive is limited to \$176 in the first class and to \$96 in the second class. A member who leaves the employment of the firm after he has paid dues for a full year without having drawn upon the fund receives back one-half of the sum he has contributed to the fund. The family of a member who dies after having paid dues six months receives \$50 death benefit, and if he has been a member one year the family is paid \$100. In case of the funeral of a member \$5 may be expended for flowers, but no other gratuities are permitted.

The Sherwin-Williams Employees' Mutual Benefit Society admits only employees of the firm, and membership is voluntary. The members agree to permit the paymaster of the firm to deduct from the weekly wages one cent from each dollar due where the wages are under \$10. The benefits cannot exceed one-half the wages of \$10, and none are paid during the first week of absence from work. Where the disability is caused by vice or drunkenness no sick benefit is paid. The death benefit is \$25.

The Mutual Benefit Association of the Cleveland Hardware Company, according to the by-laws of 1901, has two classes of members, "Seniors," who are over 19 years of age, and "Juniors," who are under 19 years. The weekly dues are 25 and 12½ cents, according to the class. The senior members receive in sickness \$6 for two weeks, \$5 during twelve weeks, \$2.50 per week for the next thirteen weeks, and \$1 per month during the remainder of the illness. The period of payment of benefit is limited to twenty-six successive weeks in any one year. The Junior members receive half as much as the Seniors. At the death of a member an assessment of 50 or 25 cents, according to class, is levied. Drunkenness and immorality exclude the sick member from participation in the benefits. This is an almost universal rule in such associations. It is a rule which may be necessary, but it must be examined critically as to its justice, for

it does not seem fair to accept the dues for a long time and then refuse to pay benefits. It would seem that at least part of the contributions should be returned to such persons. The German insurance law formerly contained this rule, but it has been changed. No person needs more medical care, even in the public interest, than one afflicted with a contagious disease, no matter how it has been caused. The necessity for the rule reveals a radical and incurable defect in all merely local insurance funds.

The Brown & Sharp Mutual Relief Association, Providence, Rhode Island, was organized September 10, 1886. The officers, chosen by the members, are president, vice-president, secretary, treasurer, and directors. The president appoints visiting committees who visit the sick in order to manifest fraternal interest and, incidentally, to prevent fraud of malingerers. Membership is open only to employees of the firm. Members of the first class, receiving over \$8 weekly wages, pay 5 cents weekly dues, and members of the second class, receiving less than \$8 per week, pay 2½ cents weekly dues. The dues are collected monthly by the secretary. In order to cover unusual drafts on the funds an assessment of 50 cents in the first class and 25 cents in the second class may be levied by the directors, but not more than twice in any one year. Higher assessments can be laid only by a two-thirds vote of the members. The sick benefits are \$1 and 50 cents daily, according to class, paid during thirteen weeks, Sundays not included. A person must pay dues four weeks before he is entitled to receive benefits. Immoral conduct excludes from rights to benefits.

The Clerk's Benefit Society of Montgomery Ward & Company, Chicago, receives a small contribution from the firm. Membership is voluntary and there are between four hundred and five hundred members. A reserve fund of \$1,000 to \$3,000 is kept. Members of class A are employees of the male sex over 18 years of age, and female employees who are accepted by the board of directors; members of class B are male employees under 18 years of age and female employees not eligible for class A. The entrance fee is \$1 and the monthly dues are 50 and 25 cents. The weekly sick benefit is \$10 or \$5, and is paid for thirteen

weeks beginning with the fourth day of absence from work; but benefits may not exceed the wages. When a member of class A dies, each member of this class pays an assessment of \$1, and each member of class B pays 50 cents; and when a member of class B dies, each member of class A pays 50 cents and each member of class B pays 25 cents to pay death benefit. The secretary receives \$50 yearly for his services.

The Seroco Mutual Benefit Association (employees of Sears, Roebuck & Company, Chicago). The employees are divided into two classes: class A consisting of those who receive weekly wages of \$9 or more and class B, those whose weekly wages are under \$9. The monthly dues are graded according to the wages, 10, 20, 30, 40, 50, or 60 cents. The assessment to provide benefit on the occasion of a death is the amount of dues for one month. Membership is voluntary. Sick benefits are paid according to the wage group, after three days for eight weeks:

Weekly Wages	Weekly Sick Benefit	Death Benefit
Under \$4	\$ 2	\$ 25
\$ 4-\$ 6	4	50
6- 9	6	75
9- 12	8	100
12- 15	10	125
15 and above	12	150

The administration is conducted by a president and the other customary officers and five directors who must be foremen of the firm. The president of the society sends a circular letter to each new employee and advises him to become a member of the society and describes the advantages it offers. From one of these circulars we may learn something of the motives of the organization:

In nearly all large institutions where many people are employed, and who become closely allied with each other in the daily routine of their work, it is customary when a co-worker has the misfortune to become incapacitated for work to render him such financial aid as is possible by "passing the hat" or raising money by subscription. To overcome such conditions in our house the Seroco Mutual Benefit Association was organized on June 1, 1902. A member is not a subject of charity, as he pays for what he receives. . . . From the

standpoint of insurance, the rates are much lower than similar insurance can be procured for from any regular insurance company; furthermore, there is no company that will issue a policy covering all the conditions at such a small cost as the S. M. B. A. offers, and our society, being conducted virtually without expense, makes it possible to give its members such liberal returns.

The application for membership includes a statement which is intended to show what physical infirmities affect the health of the applicant and to exclude those who suffer from rheumatism, cancer, heart disease, insanity, consumption, paralysis, or apoplexy. The association is virtually self-supporting and not dependent on contributions from the firm. Since May, 1905, no initiation fee has been required. The firm supplies free printing and stationery, free services of the visiting nurses from the hospital department, and medical attendance of the physicians in service of the company. Higher officials pay dues but do not receive benefits from the fund, since their salaries are continued during illness. The manager of the society says that his experience has taught him that "the laboring classes are not quick to discern what is undoubtedly a great benefit to them." Since membership is voluntary, only 2,610 out of 7,500 employees have become members. It is suggested that many of them prefer to insure themselves in regular insurance companies and with fraternities to which they have social attachments. The manager says that at the time of writing the expenditures were in excess of receipts, and they were considering more stringent rules for the exclusion of persons affected by rheumatism and tuberculosis. The manager admits the desirability of insurance which has the generality, safety, and adequacy of the German methods of private insurance associations organized under state laws, which at once make insurance obligatory on all and provide means for meeting the obligations. But he, like most American business men, with the instinctive feeling that government is a necessary evil, shrinks from state "compulsion," although he clearly sees that nothing short of state requirement will ever guarantee needed protection to all wage-earners. It is the attitude of the typical American. The results of this association are indicated in the report:

Year Ending	Payments	Expenditures	Membership
May 1, 1903.....	\$ 3,404.18	\$ 2,230.93	972
" 1, 1904.....	5,200.70	3,747.95	1,150
" 1, 1905.....	5,949.80	4,137.00	1,350
" 1, 1906.....	8,486.80	6,369.95	2,275
Total	\$23,041.48	\$16,485.83	2,610*

* June 1, 1903

These figures indicate a steady growth and considerable satisfaction with the administration; perhaps some pressure from the firm.

The Solvay Mutual Benefit Society, Geddes, New York, was organized in 1888, and the by-laws were revised in 1905. The members elect twelve trustees, and these choose the president and vice-president. The treasurer and physician are appointed by the firm and are paid by the society. The society is not responsible for the payment of the services of physicians other than their own. The members must pass a medical examination before being admitted and only employees of the firm are eligible for membership. The admission fee is 90 cents and the monthly dues 30 cents. The employees who earn less than \$5 weekly wages pay half the rate and receive half the ordinary benefits. The dues and fees are collected by the cashier of the firm who retains the amount from the payroll in accordance with a previous agreement. A new member does not receive sick or accident benefits until he has paid dues 90 days. Members who receive over \$5 weekly have during illness or disability to work on account of accident \$6 weekly; others receive only half as much, and the period of payment of benefits is twenty-six weeks. There is no further protection, and nothing is paid in benefits during the first week of disability. A member sick with small-pox is attended by a physician not connected with the society and during his disability is paid his sick benefit. If a member is placed in quarantine he is paid his benefit, but may not permit visits in his house. A member affected by venereal disorders or who is a drunkard is excluded from the benefits. The firm makes no direct contribution to the fund. The death benefit paid to the family is \$100; the husband being paid \$50 for funeral

expenses in case of the death of his wife. Benefits cease after twenty-six weeks. The nurse is paid by the society \$1 each night of service. Extra assessments may be levied on members by the vote of two-thirds of the trustees.

The Estey Organ Company Benefit Association, Brattleboro, Vermont, was organized in 1902. The ordinary yearly dues are \$1, and an assessment of \$1 may be levied. The firm contributes to the fund 20 per cent. of the payments made by the members. The executive committee has three members of whom two are chosen by the employees and one by the firm. A sick benefit of \$1 daily is paid during ten weeks, Sundays excepted. A death benefit of \$60 is paid to the family of a deceased member.

Allis Mutual Aid Society, Milwaukee, Wisconsin. In the introduction to the by-laws we find an explanation which is applicable to all organizations of this kind which are efforts to escape from charity methods. The founders of this society had for their purpose to furnish aid in time of need without carrying around a begging list, and to give help on the basis of a business contract. The initiation fee is 50 cents, the monthly dues 25 cents, and extra assessments may be levied. Sick benefit, after the first week of illness, is 75 cents daily up to 90 days, and gratuitous medical attendance is furnished. The death benefit is \$100. In the report for April 15, 1901, it was shown that \$4,204.75 had been received from members, \$3,993.93 from the firm, and that \$9,026.56 had been expended.

The Deering Workmen Mutual Benefit Association, Chicago, requires an entrance fee of 50 cents, fortnightly dues of 15 cents, and a yearly payment of 10 cents for administration; and also an assessment of 10 cents on the occasion of a death or when the fund falls below \$150. A sick benefit of \$5 after the first week during eight weeks is paid, or longer by special vote of the trustees. The death benefit is \$50.

The Natural Food Company Relief Association, Niagara Falls, New York, collects weekly dues of 5 and 2½ cents according to wage rate, over or under \$6.50 per week; and the collection is made by deducting the dues from the fortnightly wage payments. The firm contributed as much as the members until the

fund reached \$1,000. An assessment of 50 or 25 cents may be levied according to wage class. The entrance fee is 50 cents. The sick benefit is a daily payment of \$1 or 50 cents during twelve weeks, after seven days, Sundays being excepted. The death benefit in the higher wage class is \$75 and in the lower \$37.50.

The Employees' Aid Association of the Moline Plow Company, Moline, Illinois, is a voluntary organization. Money is raised by assessments levied according to demand. Sick benefits are paid for twelve weeks after the first week, and not more than \$50 death benefit. In the report for the year ending January 2, 1906, it was said there were 513 members, 121 orders on the treasurer, 16 regular and 2 extra assessments, and \$1,865 benefits paid out.

In the Deere & Company Employee's Association, Moline, Illinois, membership is voluntary; the executive committee is elected by the members who are divided into two classes, the Senior whose wages are over \$7 weekly, and the Junior who receive less than \$7. The entrance fee is 25 cents; the assessment for paying indemnity is 25 or 15 cents. The weekly sick benefit is \$5 or \$3 weekly, after the first week, during twelve weeks; the funeral payment is \$25 or \$15. The report of December 9, 1905, mentions 582 members, 9 payments of funeral benefits, and 100 cases of aid to the sick. The average cost per member was \$3 and the total expenditures for the year \$2,041.80. The firm contributed \$250 to the fund.

Gas Company Mutual Aid Society, New York. Only employees of the corporation under 45 years of age, after medical examination, can become members. The mortuary fund must be invested either in federal, state, or municipal bonds, or in mortgages. Each member pays an entrance fee for medical examination of \$2, yearly dues of 50 cents for costs of administration, and monthly dues of 50 cents. The death benefit is \$300. If a member leaves the employment of the corporation, he receives back all he has paid into the mortuary fund. There is a Friendly Aid Society of employees whose members pay monthly dues of 30

cents and receive in sickness, after five days \$6 weekly during twelve weeks.

Osborne Relief Association, Auburn, New York, now a branch of the International Harvester Company. This society of employees was organized in 1878. In the first class, where wages are over \$1 per day, the monthly dues are 50 cents, while those in the lower wage class pay 25 cents. The weekly benefit in case of illness or disability caused by injury is \$6 during two weeks and afterward \$4 during twelve weeks; only by consent of the executive committee may the sick benefit be granted for a longer period. The death benefit is \$100.

The Mutual Aid Society of the McCormick Reaper Factory, Chicago, was organized in 1882. Employees of the firm, between 18 and 45 years of age, sound in body and mind, and moral in conduct, are eligible to membership. The entrance fee for new members is ordinarily \$3, but for those over 40 years and under 45 years it is \$5. The quarterly dues are \$1. Fines are imposed on members or officers of the society for the neglect of their duties. Assessments are levied to keep up the fund.

After the second week a weekly sick benefit of \$5 is paid during twenty-six weeks in the same year. A member placed in quarantine is paid his sick benefit. The funeral benefit is \$50. The by-laws are printed in both German and English, as many of the members are Germans. This is a significant fact in many localities, for the Germans generally are aware that in their fatherland the methods of insurance are vastly superior to those in this country, and they are quietly but steadily creating a public sentiment in favor of better plans.

The Garden City Sick Benefit Association of the painters in the Deering Works, Chicago. A new member pays 30 cents for entrance fee and must submit to a medical examination. When a member dies or his wife dies an assessment is levied for the fund. Sick benefits of \$5 are paid during thirteen weeks, unless the cause of the illness is vice or drunkenness. The funeral benefit in case of the death of a member or a member's wife is \$50, and \$10 are granted for flowers for the funeral.

The Adams & Westlake Employees' Benefit Association,

Chicago, was organized in 1888. A representative of the company administers the fund and membership is obligatory on all employees. All new employees must sign a contract as a condition of employment. Here as in some other cases we discover that "compulsory insurance" is not, as some claim, foreign to the American mind, when common-sense shows that it is a condition of efficient working of the plan; but compulsion by employers is apt to be more unfair than compulsion by law. The entrance fee in this association is 50 cents, or 25 cents for the lower wage class; the dividing line between the two classes being the rate of more or less than 12½ cents per hour. The monthly dues are 25 or 15 cents; the weekly sick benefit is \$6 or \$3.90, after the first week, during three weeks; and the death benefit is \$50 or \$30. The report for the year ending December 31, 1905, shows receipts, including \$150 from the company, of \$1,976. The expenditures were in ninety-six cases of sickness and two of death, \$1,363.00. In 1906 the receipts were doubled.

The Silversmiths' Beneficial Society, Providence, Rhode Island, was organized by the employees of the Gorham Manufacturing Company in 1889. The administration is conducted by elected representatives of the membership. The physician receives \$2 annually from each member, payable quarterly from the fund. The monthly dues are \$1; the weekly sick benefit, during the first week, is \$5 and during the following thirteen weeks \$10, then during twelve weeks it is \$5. The treasury pays the fees for surgical or medical treatment. At the end of the year all the money in the treasury is divided among the members. The membership reported was 397, and the expenditures during 1905 were \$2,397. The Silversmiths' Mutual Aid Society was organized in 1865, has 670 members, and paid out in 1905, \$6,112. The weekly dues are 20 or 12 cents according to wage class; sick benefits, \$4 for the first week, \$8 during thirteen weeks, and then \$4 during disability. The death benefit paid is \$40. In the second class half the rate of benefits prevails. The Gorham Manufacturing Company does not contribute to the fund of the association, but has its own pension fund.

The Elgin National Watch Company 'Employees' Aid Fund,

Elgin, Illinois. The object of this society is to provide sick, accident, and death benefits for employees of the company. The managers have an agreement with the society under which the company pays about \$5,000 each year to the fund, or about half the amount paid by the employees. Membership is voluntary, and the management rests with officers elected by the society itself. The men pay 25 cents and the women 15 cents monthly dues, and these dues are collected by the cashier of the firm by deductions from the payroll in accordance with the contract. The benefit paid after the first week during six months is \$1 per day, and for women 60 cents; the death benefit is \$50. The reserve fund may not fall below \$3,000 nor rise above \$5,000.

Quite similar arrangements are found among the employees of the Atlas Works, Indianapolis, Indiana, and of T. B. Laycock Manufacturing Company, in the same city, and with the National Cash Register Company of Dayton, Ohio, and Halle Bros., Cleveland, Ohio. Indeed, only a thorough investigation by the agents of the national government can adequately present the statistics of the numerous associations of this kind found in all parts of the nation.

Some of the street railway companies favor and aid the mutual benefit associations of their employees, although these societies have an independent and self-supporting existence. Thus there is the Chicago City Railway Employees' Mutual Aid Association, which was organized September 26, 1894. Any employee of the corporation may become a member after medical examination and payment of an entrance fee, if under 50 years of age. Any member may continue to retain his claim for benefits after leaving the employment of the company if he pays his dues, but he is not permitted to become a bartender or saloon-keeper. Any member who drinks alcoholic liquors to excess is first warned, and if he persists is expelled. The society elects directors and they choose the president, vice-president, and medical examiner. The dues are 50 cents a year and assessments are levied to cover the expenditures. The contributions are collected by the cashier of the company who deducts the amounts from wage payments and pays over the amount to the treasurer of the society. The

death benefit is \$500, whether the cause of death is accident or sickness.

Defects and limitations of the local mutual aid associations.—

The principal evil in connection with these voluntary local societies is that they are generally organized and administered without the aid of competent actuaries and are utterly without scientific foundations. A new society copies the by-laws of an older society without any kind of understanding of the probable outcome of the plan. The state, which is just now so solicitous for the life insurance arrangements of rich insurers who are able to take care of their own interests, totally neglects these obscure, but well-meaning, insurance societies of the workingmen. For this reason many of the local societies are deprived of that scientific guidance which they so greatly need in order to make them safe and economical, and adapt their tariffs to age, sex, and conditions of employment. Usually the officers of the societies are honest, and even if they were thieves there would not be much to steal; at best they are without business knowledge and without acquaintance with actuarial requirements. Membership is purely voluntary in most cases, and the claims of members rest on no legal protection. There is no bond of connection, no federation, no system covering a large territory. An epidemic which prevails in a shop or neighborhood destroys the fund when it is most needed. If the officers are untrue to their trust they can be reached only through a tedious process, and it is cheaper to let them run away. The local society is, in respect to the state, an independent organization, not a part of a great body in which the union of members makes each secure. If a member moves from one place to another, he loses his insurance and all his rights. It is sometimes argued that we cannot have state insurance in the United States because our working population is so mobile; a moment's reflection will turn this fact into an unanswerable argument for compulsory insurance on the widest scale possible. Just because the wage-earners are so fond of going from place to place, just because they are forced by the rapid fluctuations and changes in industry to pass from employer to employer, is a general system desirable and even necessary to genuine

insurance. No doubt these societies are serving a good purpose in slightly mitigating the sufferings of families in distress, they are a little better than taking up collections; but they remain still on the borderland of charity, with much of the injustice, hardship, and uncertainty of dependence on gifts. Their best permanent service is to educate the nation to a sense of obligation to provide an adequate system of insurance for all citizens.

There is positive injustice in the arrangement whenever the burden of accident insurance is thrown on these local shop associations without substantial contributions of at least half the cost from the employers; for in such arrangements the modern principle of *risque professionnel* is completely ignored, and the workmen are compelled to bear unaided the cost of production which arises from injuries due to the industry.

Thus far neither employers nor workmen in this country have given much consideration to this aspect of the situation, and therefore the moral sense has not been wounded. But in no other great nation has this principle been so thoroughly set at naught as with us where the risks are greatest. It is altogether incredible that this injustice will long remain hidden, and the discussions of the last year have placed it in clearer light than ever before in our history.

It is to be hoped that the noble revelation of Miss Jane Addams will speedily help to work the cure of the disease which she describes.

In a Republic founded upon a revulsion from oppressive government we still keep the police close to their negative rôle of preserving order and arresting the criminal. The varied functions they perform in Germany would be impossible in America, because it would be hotly resented by the American business man who will not brook any governmental interference in industrial affairs. The inherited instinct that government is naturally oppressive, and that its inroads must be checked, has made it a matter of principle and patriotism to keep the functions of government more restricted and more military than has become true in military countries.

And then she pleads for the union of local pride in associated effort for the common good with patriotism itself and describes the genuine joy of immigrants in their societies of insurance, imperfect as we have seen they are.

Almost every Sunday in the Italian quarter in which I live various mutual benefit societies march with fife and drum and with a brave showing of banners, celebrating their achievement in having surrounded themselves by at least a thin wall of protection against disaster, upon having set up their mutual good will against the day of misfortune. These parades have all the emblems of patriotism; indeed, the associations present the primitive core of patriotism, brothers standing by each other against hostile forces from without. I assure you that no Fourth of July celebration, no rejoicing over the birth of an heir to the Italian throne, equals in heartiness and sincerity these simple celebrations. Again one longs to pour into the government of their adopted country all this affection and zeal, this real patriotism. A system of State insurance would be a very simple device and secure a large return.¹

The state might well accept this genuine product of elementary patriotism, these little groups of brave pioneers, adopt their societies into a great and powerful system covering the land, and at the same time retain all the advantages of self-government in small societies in which men gain their best preparation for participation in the larger affairs of political action.

¹ *Newer Ideals of Peace*, pp. 90, 91.